

NSC BRIEFING

2 December 1958

SOVIET SEVEN-YEAR PLAN

25X1

I. The long-awaited new Soviet Seven-Year Plan for 1959-1965 was finally released on 14 November--along with a boast that by 1970 it "will insure for the population the highest living standards in the world."

- A. The boast is pure Khrushchevian hyperbole--and is not supported by the plan itself.
- B. But Soviet propaganda <sup>(is)</sup> by no means completely groundless--the plan does presage continued rapid economic growth.

II. The new plan, which replaces the overly ambitious Sixth Five-Year Plan (1956-1960) scrapped last year, was scheduled to be completed by this past June.

- A. The delay can be attributed to the added complexities of long-range planning as a result of bringing the 100-odd sovnarkhozy (created in 1957) into the act, and perhaps also to official differences over how fast to set the tempo, how much to favor heavy industry over the consumer.
- B. There may be further minor modifications, but approval of the plan--now in "thesis" form--by the Party Congress in January can be regarded as certain.

III. Agriculture (Chart I)

- A. Once again agricultural targets are high, in most cases too high to meet.
  - 1. Some key 1965 targets are essentially restatements of the old 1960 goals--note the direct repeats in grain and cotton.

2. By and large, the new targets, including vital grain and meat goals, can't be met under present programs.
  - (a) In some fields, the Soviets hope to be far ahead of us; e.g., in potatoes (they lack our wide variety of vegetables) and sugar (we import most of ours).
- B. But there will be definite improvements for the population.
  1. Investments in agriculture are to be twice the total for the preceding seven years.
  2. Mineral fertilizer production is to triple.
  3. These facts plus Khrushchev's call for better use of the traditional "breadbaskets" in the western USSR suggest that some new type of program may be launched there, as opposed to further heavy emphasis on acreage expansion to the east.
    - (a) A Central Committee meeting on agriculture is scheduled for mid-December. (Central Committee approved the plan "theses" on 12 November.)

#### IV. Industrial Growth Rates (Chart 2)

- A. Industrial output is scheduled under the new plan to rise at a rate lower than that actually achieved in recent years. (New plan: 8.7% a year; average of past 7 years: 11.5%).
  1. The emphasis continues to be on producer's goods.
- B. The planned growth rates seem feasible.
  1. In fact, the Soviets may (as they have in past 2 years) have set the planned rate under that which will be achieved. (E.g., 1957 plan: 7.4%; 1957 result: 10.\_%)

C. In any case, they may come so close to previous rates that the question of whether or not they are slowing down in rates of growth will be less important to them--and to other parts of world opinion--than how fast they are "catching up" with the industrialized West.

V. Industrial targets (Chart 3)

A. This chart shows how fast they hope to expand production of some key industrial items.

1. Steel production is to go up about 5 million tons a year.
2. By 1965 the USSR hopes practically to close the gap with the US in both steel and cotton cloth.
3. Already ahead of us in coal, the Soviets expect to pass us in cement as well.

B. Soviet propaganda--particularly that to underdeveloped and uncommitted countries--will rivet attention on such dramatic comparisons.

1. And a knowledge of Russian is not necessary to get the message in such cartoons as this. (Chart 4)

VI. US and Soviet Industrial Growth Rates (Chart 5)

A. As noted earlier, Khrushchev is not above distortion in comparing US and Soviet economic growth rates.

1. As Khrushchev predicts it, the USSR will overtake the US in both total and per capita industrial output before 1970.
  - (a) He bases this on an 8.7% annual growth rate for the USSR, a 2% rate for the US, and the false assumption that the US is now producing only twice as much as the USSR.

- ~~connects~~ CORRECTS
2. The dotted line here ~~connects~~ Khrushchev's distortion on current production (present US output is actually about 2 1/2 times that of USSR) and is projected for comparisor purposes at an arbitrary growth rate for the US of 4%.
- (a) On this basis the US and Soviet curves would meet in 1978. (This is for total industrial outputs; the date would be later on a per capita basis.)

VII. Admittedly, such long-range forecasts are very conjectural--but they have become a very real part of Soviet propaganda.

A. For example, it was just a year ago ~~this~~ <sup>LAST</sup> month (Soviet 40th anniversary celebrations) that Khrushchev first claimed that the USSR could attain or pass our 1957 level of output within 15 years, i.e., by 1972.

1. Now he says 1970--not for exceeding our 1957 output, but rather our 1970 production.

(a) Even though the facts don't gee with such sweeping claims, the propaganda sounds good--and is backed by continuing remarkable growth.

